

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JO ANN PERKINS, President dba
MINERAL CITY WATER SYSTEM to sell and
MINERAL COUNTY WATER DISTRICT to Buy
the Water System in Mineral, Tehema County.

Application 03-03-046
(Filed March 28, 2003)

O P I N I O N**Summary**

Mineral City Water System (MCWS) requests, pursuant to §§ 851 through 854 of the Pub. Util. Code and Rules 1 through 7, 15, 35, 36, 45 through 48 and 88 of the Commission's Rules of Practice and Procedure, authority to transfer its water system to Mineral County Water District. The authority is granted.

Background

MCWS is an investor-owned water utility regulated by the Commission. It operates a water system in and near the unincorporated community of Mineral, Tehema County, serving approximately 172 customers.

Authority to acquire the system was granted to the present owner by Decision (D.) 85-02-012 in Application 84-04-029. The water system operates under a franchise granted by D.33187 dated June 11, 1940.

The owner of MCWS desires to dispose of the system because she is unable to financially continue operations and she wishes to retire. MCWD is a duly organized public agency in the State of California and desires to acquire the system because community ownership of the system is desired. The seller and

buyer have executed a Purchase Agreement to transfer the water system from seller to buyer for a cash amount of \$50,000.

Discussion

Water Division staff contacted both the State and the local health agencies, and neither voiced any objection to the transfer.

MCWD, as a governmental entity, is not subject to the jurisdiction of the Commission. It is the intention of MCWD to operate and maintain the water system with the lowest rates possible consistent with providing reliable service to the community. We conclude, given the current circumstances of the seller and the qualifications of the buyer, that transfer of this water system is in the public interest.

Public Notice

Water Division states that a notice of the proposed transfer of ownership was mailed to all customers on March 22, 2003. No protests have been received.

This is an uncontested matter in which the decision grants the Applicant's request. Accordingly, pursuant to PU Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

Assignment of Proceeding

Carl. W. Wood is the Assigned Commissioner, and Dean J. Evans is the assigned Administrative Law Judge in the proceeding.

Findings of Fact

1. MCWS desires to sell its water system to MCWD, which desires to buy the system and continue its operation.
2. Buyer is a duly organized public water district possessing the ability to operate the water system.

3. Notice of the filing of the Application appeared on the Commission's Daily Calendar on April 2, 2003. There is no known opposition to the Application.

4. A notice of the proposed transfer of ownership was mailed to all customers on March 22, 2003. No protests have been received.

5. This order should become effective immediately as seller and buyer have completed all elements of the transaction save for the Commission's approval and the parties wish for buyer to assume operation of the water system as soon as possible.

Conclusions of Law

1. MCWD has the legal capacity to acquire MCWS.

2. The acquisition of ownership and control of MCWS by MCWD is in the public interest.

3. A public hearing is not necessary.

4. Authority to transfer should be conditioned on payment of the Commission's User Fees up to the date of transfer of ownership.

5. The following order should be effective on the date of signature.

O R D E R

IT IS ORDERED that:

1. Mineral City Water System (MCWS) is authorized to transfer its water system to Mineral County Water District (MCWD) in accordance with the terms of agreement of sale attached to the above-captioned application.

2. MCWS shall remit to the Commission's Fiscal Office all of the Commission's Users Fees collected to the date of transfer of ownership of the water system.

3. Within ten (10) days after the transfer, MCWS shall notify the Commission, by letter addressed to the Director of the Commission's Water Division, of the transfer. MCWS shall submit with the letter an executed copy of the transfer document(s).

4. Upon compliance with this order, MCWS shall be relieved of its public utility obligation and its certificate of public convenience and necessity shall be canceled.

Pursuant to the provisions of § 11625(a) of the California Health and Safety Code (CH & S), any person or entity operating a public water system must have a permit to operate that system from the Department of Health Services. A change in ownership of a public water system requires the prospective new owner to apply to and satisfy the Department's requirement that the new owner "possesses adequate financial, managerial, and technical capability to assure the delivery of pure, wholesome, and potable drinking water" (CH & S Code § 116540). Accordingly, upon transfer of the MCWS, it will be the responsibility of the MCWD to comply with these provisions of the Health and Safety Code.

5. Application 03-03-046 is closed.

This order is effective today.

Dated _____, at San Francisco, California.